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**FISCAL IMPACT STATEMENT**

**LS 7236**

**BILL NUMBER:** HB 1656

**NOTE PREPARED:** Jan 5, 2005

**BILL AMENDED:**

**SUBJECT:** Bottled Water Excise Tax.

**FIRST AUTHOR:** Rep. Lehe

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill establishes a bottled water excise tax of \$0.01 per one-half liter on sales of bottled water. This bill also requires the Department of State Revenue (DOR) to deposit the excise taxes collected into the Clean Water Indiana Fund.

**Effective Date:** January 1, 2006.

**Explanation of State Expenditures:** This bill establishes a bottled water excise tax of \$0.01 per ½ liter on sales of bottled water. The DOR is to deposit the excise taxes collected into the Clean Water Indiana Fund.

This bill will have an indeterminable administrative cost impact on the DOR. The DOR will establish rules and procedures to administer and implement this excise tax. The increased expenses should be covered through the use of existing staff and resources.

**Explanation of State Revenues:** The revenue expected to be generated by this tax will be approximately \$4.9 M for the last half of FY 2006, \$13.0 M for FY 2007, and approximately \$14.3 M for FY 2008. The estimated revenue for FY 2006 reflects the January 1, 2006, effective date.

The bill requires all of this revenue to be deposited in the Clean Water Indiana Fund as established by IC 14-32-8-6.

The fund shall be administered by the Division of Soil Conservation subject to the direction of the Board.

(b) The fund consists of:

- (1) amounts appropriated by the General Assembly; and
- (2) donations, grants, and money received from any other source.
- (c) The expenses of administering the fund shall be paid from money in the fund.
- (d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

The bill provides that the manufacturer of the bottled water is liable for the tax unless:

- (1) a wholesaler receives the bottled water from a person located outside Indiana, then the wholesaler is liable for the tax.
- (2) a retail merchant receives the bottled water from a person located outside Indiana, then the retail merchant is liable for the tax.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue; State Budget Agency.

**Local Agencies Affected:** Local entities seeking Clean Water Indiana Funds; Soil and Water Conservation Districts.

**Information Sources:** Economic Research Service, United States Department of Agriculture, “Food Consumption Data System ; Beverage Marketing Corporation.

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